TESTIMONY OF BISHOP ALVARO RAMAZZINI
BEFORE THE
HOUSE INTERNATIONAL RELATIONS COMMITTEE,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE

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Mr. Chairman, Ranking Member and Members of the Committee, I would like to thank you for this opportunity to address the growing impact of international trade on our peoples and our hemisphere. I am Bishop Alvaro Ramazzini, Bishop of San Marcos, Guatemala and immediate past President of the Bishops' Secretariat of Central America. I have met some of you previously, and have engaged many of your colleagues on issues of mutual concern to our countries.

I come before you today to share the experiences of the people of my country, and especially of my diocese of San Marcos, in order to contribute to the on-going debate concerning the negotiation and implementation of trade agreements. These experiences can give us perspective on the impact of trade policies in the hemisphere. My experience with the United States-Dominican Republic- Central American Free Trade Agreement informs much of what I have to say today. Others will offer more technical commentary of an economic and legal nature. I speak as a pastor who lives and works among some of the poorest people of the hemisphere, the people I urge trade policy makers to prioritize. I appear today as a guest of Chairman Hyde and with the support of the United States Conference of Catholic Bishops. In June of last year, bishops of the United States and the countries of Central America issued a Joint Declaration on US-CAFTA that I am appending to my short statement and requesting be entered into the record.

I would like to begin by invoking the memory of Pope John Paul II whose presence among us is still very much felt. The Pope had the tremendous capacity to warn us of dangers

that we ourselves are often slow to recognize. At the very start of his pontificate, Pope John Paul II turned our attention to the needs of the poor saying: "The depressed rural world, the worker who with his sweat waters his affliction, cannot wait any longer for full and effective recognition of his dignity, which is not inferior to that of any other social sector. He has the right to be respected and not to be deprived with maneuvers which are sometimes tantamount to real spoliation of the little that he has. He has the right to real help, which is not charity or crumbs of justice, in order that he may have access to the development that his dignity as a person and as a son of God deserves. It's necessary for bold changes, urgent reforms, without waiting any longer."

The Pope's message challenges us to consider how we might better respond to the moral values that flow from the call to solidarity with one another. Mr. Chairman, the rural poor today make up 70 percent of poor people across the globe. In Latin America, two-thirds of those who live in rural areas are poor. In Guatemala, 56 percent of the population is poor and 16 percent is extremely poor with 93 percent of those in extreme poverty living in rural areas in my country. Almost one quarter of Guatemala's GDP comes from the agricultural sector. Our farmers are hardworking and will continue to find ways to compete with their northern neighbors. But they cannot compete against the United States Treasury and the $170 billion subsidies granted in your Farm Bill of 2002.

And when they can no longer farm and support their families because of cheap commodity imports or restricted access to seeds and fertilizers because of stringent intellectual property restrictions, where do my people go? What do they do when they are no longer on the land, growing corn, rearing cattle, raising families, going to church and building communities?

The older people mostly stay on the land, but our young head to industrial centers in search of jobs. This is good, some say, as we enter more and more the industrial age.

As you know, Mr. Chairman, many come to the United States, lured by a dream that is shared by all people of the Americas: to build a dignified life for themselves and their families. Some call them "illegals." But according to the market model, they are better described as entrepreneurs without assets, pursuing the American dream. They are not free-loaders. They work hard, often in several jobs, supporting a way of life that many take for granted. They earn minimum wages in large part and go to local emergency rooms when sick. They are able to enroll their children in school, and enjoy a relatively safe working environment. Their relatives, meanwhile, who are perhaps U.S. citizens or permanent residents, may enjoy even better prospects. They have jobs with paid health care, have a voice in the workplace, and can plan for their future and their children's future.

But in Central and Latin America, trade agreements threaten to lock in a much lower level of protection for workers and their families. Let us consider those who move to the cities and industrial areas to work in the maquila sector. As is the case in the rest of Latin America, most of them are women with children and are the sole wage-earners. Many of them face an uncertain future. I know of repeated instances where workers were treated in a way that would be against basic labor law in the United States.

Employment lies at the heart of authentic human development. Poor working conditions make for bad economics. Without enforceable labor rights that are part of trade agreements with sanctions for non-compliance applied to them, we will not raise standards of labor and standards of living in my country. As a result, jobs will continue to hemorrhage from the United States. It is forecast that the only country that will not lose jobs with the end of the Multi-Fiber Agreement

is Nicaragua. Why? Presumably it's because they have the lowest wages. Without stability in the workplace, there will be no stability in the marketplace, no stability in our democracies and no stability in the hemisphere. We will be troubled by popular protests that can often result in a violent response from the security forces.

We will only approach long-term solutions to these problems when we begin to place the dignity of the human person, especially the poor, at the *center* of our discussions. I recognize that all who testify today are people of good will. We all want the best for the people of our hemisphere. But this hearing is exploring vital questions about our future with serious consequences for all of us.

Some see increased trade as the solution to all economic problems; others see it as the source of major economic distress. In fact, it is neither. I echo once again the concerns of John Paul II: "If globalization is ruled merely by the laws of the market applied to suit the powerful, the consequences cannot but be negative." (*Ecclesia in America*, p. 20) These include, for example, "unemployment, the reduction and deterioration of public services, the destruction of the environment and natural resources, the growing distance between rich and poor, unfair competition which puts the poor nations in a situation of ever increasing inferiority." (*Ecclesia in America*, p. 20). The terms of trade that will be enshrined in law through these various agreements - laws that constitute a treaty between our countries – will impact more than the movement of goods and services across our borders, more than the private property rights of investors and corporations. These agreements will define the kind of relationship we wish to establish between our countries. These agreements should embody an understanding of human dignity and interdependence among the people of our hemisphere that is marked by solidarity

and mutual concern. But, in fact, these are not the primary elements of current trade practices throughout the hemisphere and there is no reason they cannot be.

Mr. Chairman and Members of the Committee, current efforts at economic integration are far from our best efforts. The current model is deficient – and I am confident that we can repair it so that trade works for all, especially for poor families and vulnerable workers. To do so, we must all look at trade policies from the bottom up – from their impact on the lives and dignity of poor families and vulnerable workers across the hemisphere.

In the case of CAFTA, the United States is entering into a comprehensive trade agreement with some of the poorest countries in the hemisphere. Our countries have some of the greatest inequality in the region. It is easy to understand why the national leaders in poor countries such as Guatemala may seem enticed by the prospect of favorable access to the mighty market of the United States. But we must ask the question: Will any short-term gains envisaged by such bilateral agreements be far out-weighed by the loss of bargaining power in other forums? It is widely expected that low-income developing countries, such as Guatemala, will be afforded "special and differential treatment" under World Trade Organization rules currently being negotiated in the Doha Development Round. CAFTA will likely trump such measures that are designed to allow developing countries the time and the space to foster integral human development.

A one-sided approach to economic integration that focuses only on liberalizing trade barriers compromises other vital ways of promoting social development. The path of trade integration laid down by the free trade agreement between the United States and Central America has been presented as a wide avenue along which all can travel towards greater prosperity. In reality, it is a narrow path across a deep gorge that only the strongest can travel. It offers hope

only to a few, and I fear no hope to those whom the Pope calls the "weakest, the most powerless and the poorest." (*Ecclesia de Eucharistia p. 20)* You are perhaps aware that Guatemala ranked among the 10 worst nations in Latin America in the level of income inequality. These nations desperately need a growing middle class. Industrial workers, equipped with the basic rights to have a say in the workplace, were key to the growth of a middle class in your nation. It was a key element in making the United States the economic powerhouse it is today. This is not happening in Central America and it will not happen as long as hundreds of thousands of workers are suppressed, not empowered, at the workplace.

Mr. Chairman, I fear that we are taking enormous risks with these trade agreements; ones that have profound consequences for our peoples, and we have not even begun to have an adequate conversation on the risks and opportunities. Up-beat predictions regarding the positive impact of these trade agreements must be evaluated carefully. During my meeting with Assistant United States Trade Representative Padilla, in June, 2004, we both recognized that attempts at developing a broad consultative process about trade in Guatemala – ones envisaged by the USTR during the negotiations – were unsuccessful. This experience of exclusion does nothing to further democratic reforms in my country and across the region.

Many voices, including some we have heard today, point to the supposed limits of any trade agreement. They highlight the fact that a trade agreement is only a part of the solution to poverty, exclusion, lack of education and integral development. "Trade is not a panacea," we are told, and that is correct. For that very reason, trade policies need to be complemented by institutional reforms and a broader development framework that affords each person their right to participate in a market that is fair and compassionate. However, in my experience, trade agreements run the risk of further entrenching inequality in our societies. Surely the people of the

United States want no part in a trade regime that may push people further apart. To date, there has been no serious effort on the part of negotiators to ensure the type of reforms necessary for the people who need them the most. With such reforms, we could tap so much potential, unlock so much capacity and enable the poor to be protagonists in their own development.

During my last visit, I was encouraged by the efforts of Ranking Member Menendez and others to complement proposed trade agreements with plans to provide broader social development. Such cooperation is akin to the more comprehensive development program undertaken by our European allies when they recently admitted new members to the European Union. If I may add, any plan to seek closer economic integration throughout the hemisphere, as proposed by the Free Trade Area of the Americas, should learn from the experience of regional integration that has benefited the poorer countries of the European Union.

We are also assured by proponents of current trade policies that these agreements will lead to transparency, participation and a strengthening of democracy in a region that has seen significant unrest. In our Joint Statement with the U.S. Bishops we expressed our concern about the growing tide of discontent in our countries around the impact of trade integration. And here I would like to draw your attention once again to the photos. Mr. Chairman, the people you see here lifting their voices in protest at the process and substance of the recent trade deal between Guatemala and the United States are ordinary people. They understand their livelihoods and what it means to struggle daily to support themselves and their families. They are not a privileged group afraid of losing what they have come to expect. If they were, then the rich elites in our country would be marching. Instead the elites are in Washington, DC trying to hurry this process along. The people in these pictures remind me of Maria Rodriguez. Maria's family has farmed for generations. She sends her children to school. Her eldest son goes to college in Guatemala

City. When her husband was ill, he was treated in the local clinic that is maintained, in part, by government income from imports tariffs.

Trade discussions begin by asking how policies will be good for business and economic growth, but we need also to ask how trade policies will be good for those who live in poverty. It is not enough to rush ahead with so-called "state of the art" trade agreements, while our development policies languish behind. Financial assistance to the region has been steadily decreasing and will fall by another again by 10 percent in Fiscal Year 2006. We need concerted efforts to complement trade agreements in a serious way by putting our most talented trade experts with our most talented development experts in the same room. Together, they can work on the same problems from their own specific fields of competence. Then the rights of workers to decent wages, the rights of small farmers to fair prices, and the rights of all to access to health care and education for their children will become possible with democratic reforms and a just participation in the global market. We can do better. We must do better. We must shape a bold, comprehensive and integrated trade and development agenda that will lift up the poor among us and provide justice for all.

Thank you Mr. Chairman.